

## Message Text

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ORIGIN NEA-09

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DRAFTED BY: NEA:SSOBER

APPROVED BY: SIDNEY SOBER

NEA:INS - N.MORLEY

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI NIACIT IMMEDIATE

C O N F I D E N T I A L STATE 001946

C O R R E C T E D C O P Y (MISSING LINE PARA 6)

E.O. 11652: GDS

TAGS: EAID, IN US

SUBJECT: PL 480 NEGOTIATIONS

PERSONAL FOR AMBASSADOR FROM SOBER

1. AGAIN I AM RESPONDING IN ATHERTON'S ABSENCE. AS ALWAYS, YOU MAKE COGENT POINTS. WE HAVE THIS ENTIRE QUESTION UNDER INTENSIVE REVIEW. IF THERE IS ONE PARTICULAR THING I WANT TO STRESS SO THAT YOU WILL UNDERSTAND IT BEFORE YOU FINALLY DEPART FROM DELHI, IT IS THAT WE HAVE ENTERED THESE NEGOTIATIONS, ON OUR SIDE, IN ENTIRELY GOOD FAITH AND WITH THE INTENT AND DETERMINATION TO CONCLUDE AGREEMENT AT EARLIEST POSSIBLE DATE. I MADE THIS POINT TO GONSALVES A COUPLE OF DAYS AGO WHEN THE INDIAN EMBASSY HERE DECIDED TO MOVE THE NEGOTIATIONS TO THE "POLITICAL" LEVEL.

2. THE BASIC FACTS ARE PRETTY WELL KNOWN TO ALL CONCERNED. THE INDIANS HAVE AN OBLIGATION TO REPAY THE CONFIDENTIAL

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RUSSIANS ON THE WHEAT LOAN, BEGINNING IN OCTOBER 1975. WE

HAVE BOTH LEGAL AND POLICY INHIBITIONS ON PROVIDING CONCESSIONAL WHEAT AT THE SAME TIME A RECIPIENT IS MOVING WHEAT TO A THIRD COUNTRY. THIS PROBLEM IS EXCRUCIATINGLY COMPLICATED BY SUCH FACTORS AS:

(A) THE UNIQUENESS OF THE REPAYMENT (IN KIND) PROVISION OF THE SOVIET WHEAT LOAN TO INDIA, AND INDIA'S ENORMOUS SENSITIVITY ON A MATTER WHICH AFFECTS BOTH THE REESTABLISHMENT OF AN ASSISTANCE RELATIONSHIP WITH U.S. AND INDIA'S RELATIONSHIP WITH USSR;

(B) THE WORLDWIDE GRAIN SHORTAGE, INFLATIONARY PRESSURES IN THE US, AND THE DEBATE IN THE US ON HOW MUCH GRAIN WE SHOULD COME UP WITH ON CONCESSIONAL TERMS IN ORDER TO HELP MEET THE NEEDS OF FRIENDS ABROAD; AND

(C) THE MEMORY OF THE SOVIET WHEAT RIP-OFF TO WHICH YOU ALLUDED IN YOUR MESSAGE.

3. WE FACE THE TASK OF FINDING A FORMULA WHICH MEETS THE LEGITIMATE PROBLEMS ON BOTH INDIA'S SIDE AND OURS. WE HAVE URGED THE INDIANS HERE TO THINK IN POSITIVE TERMS BECAUSE WE WANT TO REACH A MUTUALLY ACCEPTABLE SOLUTION.

4. ONE POINT WHICH I THINK YOU HAVE MISREAD RELATES TO THE POSSIBILITY THAT INDIA MIGHT BE ABLE TO WORK OUT AN UNDERSTANDING WITH USSR TO REPAY THE LATTER'S WHEAT LOAN IN CASH RATHER THAN IN WHEAT AS SUCH. WE HAVE TOLD THE INDIANS HERE THAT OUR APPROACH WOULD NOT PROHIBIT CASH PAYMENTS BY INDIA TO SOVIETS--ALTHOUGH CLEARLY WE WOULD HOPE GOI COULD TAKE STEPS TO AVOID EVEN THIS MANNER OF REPAYMENT IN NEAR TERM (PARA 7, STATE 172). IN THIS REGARD, INDIANS HAVE BEEN TOLD VERY EXPLICITLY THAT WE ARE NOT PRESUMING TO TELL THEM HOW TO DEAL WITH THE RUSSIANS--ONLY THAT WE FACE VERY SERIOUS PROBLEMS OF OUR OWN WHICH THEY HAVE TO TAKE INTO ACCOUNT AS WE MOVE TO WORK OUT A NEW PL 480 AGREEMENT.

5. WE HAVE AGREEMENT WITH INDIAN EMBASSY HERE THAT WE WILL CONTINUE ACTIVELY ON BOTH SIDES TO TRY TO COME UP  
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WITH A FORMULA ACCEPTABLE TO BOTH OUR GOVERNMENTS.  
MEANWHILE, AMBASSADOR KAUL HAS REQUESTED MEETING WITH SECRETARY AND ONE HAS BEEN SCHEDULED FOR JANUARY 7.

6. I KNOW THE ABOVE WILL NOT SATISFY YOU, NOR DOES IT SATISFY US PENDING A MUTUALLY AGREEABLE FORMULATION. I WOULD LIKE IT, HOWEVER, IF YOU CAN GET ON YOUR PLANE WITH A FIRMER SENSE OF OUR POSITIVE APPROACH ON THIS MATTER

WITHIN THE FRAMEWORK OF THE VERY REAL INHIBITIONS THAT  
GOVERN US AS WELL AS THE INDIANS. KISSINGER

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